

# HOUSE BILL REPORT

## HB 1036

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### As Reported by House Committee On: Appropriations

**Title:** An act relating to survivor benefits from the public employees' retirement system for survivors of members in registered domestic partnerships prior to December 2012.

**Brief Description:** Addressing survivor benefits from the public employees' retirement system for survivors of members in registered domestic partnerships prior to December 2012.

**Sponsors:** Representatives Moeller, Appleton, Jinkins, Gregerson, Bergquist, Ormsby and Riccelli.

#### **Brief History:**

##### **Committee Activity:**

Appropriations: 1/29/15, 2/5/15 [DP].

#### **Brief Summary of Bill**

- Provides the survivor of a member of the Public Employees' Retirement System Plans that was a registered domestic partner of a member prior to December 1, 2008, was married to the member prior to January 1, 2013, was the designated beneficiary of the member, and was predeceased by the member prior to January 1, 2014, the option to designate themselves as a survivor beneficiary and receive a joint and 50-percent survivor benefit.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 23 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Wilcox, Assistant Ranking Minority Member; Carlyle, Cody, Condotta, Dunshee, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Senn, Springer, Stokesbary, Sullivan, Tharinger and Walkinshaw.

**Minority Report:** Do not pass. Signed by 9 members: Representatives Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Buys, Dent, Haler, G. Hunt, Schmick, Taylor and Van Werven.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Fagan.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** David Pringle (786-7310).

**Background:**

The Public Employees' Retirement System, Plans 1 and 2 (PERS 1 and 2), the Teachers' Retirement System, Plans 1, 2, and 3 (TRS 1, 2, and 3), and the School Employees' Retirement System, Plans 2 and 3 (SERS 2 and 3), as well as most other Washington State Retirement System plans 2 are optional survivor benefit plans. This means that members who elect to have a survivor benefit for a spouse or other designated person must take an actuarial reduction in their pension benefit to do so. The amount of the reduction is based on three factors: (1) the difference in the age of the member and designated survivor; (2) the expected survivor's benefit; and (3) the member's retirement system and plan.

Members of the PERS 1 and 2, the TRS 1, 2, and 3, the SERS 2 and 3, and the Law Enforcement Officers' and Fire Fighters' Plan 2 all have the option of including joint and survivor coverage as part of their pension benefit. The monthly pension of a retiree who chooses a survivor benefit is reduced to pay for the survivor benefit. The designation of the retiree's beneficiary, who may be someone other than a spouse, must be made at the time of retirement. Among the survivor benefit options provided is a joint and 50 percent survivor benefit, which pays a reduced retirement benefit during the member's life, and following the member's death provides one-half that amount for the life of the survivor beneficiary.

Since 2000 a member who retired without designating a survivor beneficiary has been provided the option of designating the spouse from a post-retirement marriage as a survivor. This option is available during a one-year period that begins after the retiree has been married for one year, provided that the retiree's monthly benefit is not subject to a property settlement agreement from a court decree of dissolution or legal separation.

State registered domestic partnerships were created by the Legislature in 2007. The law provided an equal legal status for state registered domestic partners to married spouses that was expanded in 2010 for most purposes under state law. The 2010 expansion of state registered domestic partnerships specified that the Washington State Retirement System would apply these equal treatment provisions beginning January 1, 2014. In 2012 the Legislature enacted Chapter 3, Laws of 2012, authorizing same sex marriage. Following voter approval of Referendum 74, persons in domestic partnerships were permitted to apply and receive a marriage license beginning December 6, 2012.

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**Summary of Bill:**

The survivor of a member of the Public Employees' Retirement System Plans 1, 2, or 3 that was a registered domestic partner of a member prior to December 1, 2008, was married to the member prior to January 1, 2013, was the designated beneficiary of the member, and was predeceased by the member prior to January 1, 2014, may designate themselves as a survivor beneficiary and receive a joint and 50 percent survivor benefit. This survivor beneficiary designation must be according to rules adopted by the Department of Retirement Systems and be made between September 1, 2015, and December 1, 2015.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Married couples make long-range plans to care for each other. Same-sex couples were unable to marry—and were left in domestic partnerships that were not covered by all of the provisions of the pension plans. In Washington, if a member spouse died before the post-retirement marriage window opened for selecting survivor benefits, they were out of luck. My wife retired after working for 33 years. In 2008 we registered as domestic partners, and when the voters approved same-sex marriage in November 2012, we were married in the following month. When the Department of Retirement Systems was contacted, she was told that she needed to wait for one year before I could be designated as her surviving spouse. She passed away before the year elapsed. The answers we received from the Department of Retirement Systems didn't seem to match what the voters were trying to accomplish in 2012.

(Opposed) None.

**Persons Testifying:** Representative Moeller, prime sponsor; Anke Matoga; and Vicki Smith.

**Persons Signed In To Testify But Not Testifying:** None.